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D.R.

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Handwritten:
1/11/94

December 8, 1994

To: Senator
Fr: DE and DR
Re: Education Matters

Daniel and I thought it important to give you an update on some education, arts, and humanities matters as they are beginning to unfold.

First, Senator Jeffords wants to hold a **Subcommittee hearing in early January on student aid**. He wants to focus on who pays for and benefits from higher education. He would like the hearing to be a positive one that stresses the economic benefits of education. Generally, Jeffords is very concerned about potential cuts in student aid, and believes the best way to proceed is to emphasize how important student aid is to students and families. As you know, the word is that the House Republicans want to eliminate the in-school interest subsidy in the loan program and also terminate campus-based aid programs. Jeffords opposes such an effort and believes the best way to fight it is to launch an offensive pointing out the vital importance of student aid. **I think this approach is a good one, and am very encouraged that Jeffords wants to go on the offensive instead of waiting to defend programs against cutbacks and/or termination.**

Second, **with respect to arts, humanities, and museum services, Jeffords would like to begin a series of reauthorization hearings early in the new year.** There are two reasons behind his thinking in this area: (1) such hearings will indicate our intention to reauthorize the endowments and to make constructive changes in the authorizing legislation, and (2) reauthorization is essential necessary because the incoming Appropriations Committee Chairman, Senator Hatfield, has indicated that there will be no funding without an authorization in place.

We anticipate that the House Republicans may try to either severely cut or possibly terminate funding for the Endowments. This would come as a provision in a Budget Reconciliation bill. We could object to such a provision as a violation of the so-called Byrd rule, which prohibits legislative changes that do not strictly adhere to budget reconciliation. Budget Reconciliation is limited to changes in entitlement or mandatory spending programs, and the Endowments do not fall into that category. Consequently, invoking the Byrd rule would probably result in dropping any provision to terminate to severely cut back the Endowments. If we succeed in that endeavor, however, it will be crucial that we indicate we are already hard at work on substantive changes in the reauthorization legislation, which is why it is important that we begin the hearing process early next year. **Both Daniel and I think the Jeffords strategy to begin reauthorization hearings early is a good one.**

Third, the Administration is considering a **two-part Pell Grant program, one at the Education Department for students who are pursuing at least an associate's degree and another Pell Grant program at the Labor Department for students who are pursuing a lesser degree or certificate that is directly related to training.**

We should be very careful before we agree to support any such change. While officials in the Administration indicate that such a change would have to be accompanied by at least a \$2 billion increase in appropriations, my fear is that will not occur and that we would have the worst of all possible worlds -- two different programs, a cut in the Education Department Pell Grant and inadequate funding of a new Labor program.

Also, administration of such a two-part program could be a nightmare. Schools could well have students who participate in both programs, and this could mean duplicative oversight and gatekeeping. I have great concerns about any effort that gives the impression we are creating an entirely new bureaucracy at Labor, particularly when the oversight functions at Education have not been performed very well.

Fourth, and finally, Jeffords also wants to hold some **oversight hearings on management of the Direct Loan program.** While he is very reluctant to make any changes in the legislation agreed to in Conference two years ago, he is concerned with how the program is developing and being administered. He is correctly concerned with the lack of consultation with Congress on the new direct loan consolidation program announced by the President in October. If he cannot obtain good answers from the Administration, he could well be much more willing to make changes in the underlying legislation. **As in the case of student aid, I think that these hearings are a good idea.**